

# Worksession

<b>Agenda Item #</b>	6
<b>Meeting Date</b>	January 18, 2005
<b>Prepared By</b>	Suzanne Ludlow, Community & Government Liaison
<b>Approved By</b>	Barbara B. Matthews

<b>Discussion Item</b>	Strategy for Municipal Electrical Aggregation Legislation
<b>Background</b>	<p>For a number of years, the City of Takoma Park has advocated for legislation that would grant municipalities the authority to aggregate its citizens for the purpose of joint purchasing of electricity. This year, with a strong push from Takoma Park, the Maryland Municipal League has made the adoption of State legislation permitting opt-out municipal aggregation for electricity one of its top legislative priorities.</p> <p>City resident Martin Gottschalk and City staff will be present to discuss a proposed City lobbying strategy with Council. The strategy includes:</p> <p>Signing, and convincing a number of Maryland municipalities to sign, a letter (see attached draft) committing the municipalities to work together to lobby for the legislation and to investigate the possibilities of joining together to be an aggregating entity if the legislation passes.</p> <p>Urging Montgomery County and other counties to support the legislation.</p> <p>Lobbying and testifying in support of the legislation.</p> <p>Assistance by City Councilmembers in the above activities will be essential.</p>
<b>Policy</b>	The Council adopts legislative priorities each year; and then Council and staff work to advance those priorities.
<b>Fiscal Impact</b>	minimal
<b>Attachments</b>	draft letter, draft resolution authorizing the Mayor to sign the letter, information on a large association of municipalities in Ohio that aggregates electricity for their residents: <a href="http://www.nopecinfo.org">http://www.nopecinfo.org</a>
<b>Recommendation</b>	Indicate whether or not staff should pursue the strategy that is outlined
<b>Special Consideration</b>	The State Legislative Session opened this week, so lobbying work needs to move quickly.

# *Municipal Electrical Aggregation Letter of Interest*

To Whom It May Concern:

DRAFT

We, the signatories to this letter, are Maryland municipalities committed to ensuring affordable electricity for our residents. To that end, we urge passage of State legislation allowing opt-out municipal aggregation of electricity.

Each municipality signing this letter has authorized the signing of the letter and committed the municipality to work with the other endorsing municipalities to study and, if feasible and desirable, establish an aggregating entity for the joint purchase of affordable electricity on behalf of their respective citizens.

With this letter, we wish to accomplish three objectives:

- 1) To strongly urge our State Legislators to support legislation allowing municipalities to serve as an opt-out aggregator of electricity;
- 2) To signal to commercial providers of electricity and related services that we have the serious interest and capacity to serve as aggregators and that we encourage them to begin the process of understanding our needs and formulating proposals regarding energy sources and pricing terms that best serve our citizens;
- 3) To provide the basis and early leadership for an organization to be formed in the near future where we, and any municipalities who join us later, can act as a single aggregating group, thus taking advantage of our combined size and purchasing power.

The signatories to this letter commit to the following:

We will work to gain passage of legislation in the Maryland General Assembly to permit municipalities to aggregate their citizens as a consumer purchasing block for electricity.

Because of the well-recognized limitations of opt-in aggregation, we will work to ensure the State legislation allows opt-out municipal aggregation. Opt-out aggregation reduces costs to consumers (our residents) because it avoids the expense and effort of signing up individual consumers, but allows them to choose not to participate if they so desire.

We will work with the other endorsing municipalities to develop a Memorandum of Understanding regarding the formation of an aggregating entity for joint purchase of electricity on behalf of our citizens. Such an MOU would allow municipalities to pursue aggregation once legislation authorizing it is passed.

We understand that by signing this letter we are not agreeing to automatically implement

aggregation once the law is passed, but rather it is our intention to seriously explore the advantages of, and opportunities available, for implementation.

Additionally, we wish to reassert the fact that we are capable of a) determining the nature of the problems we face locally, b) assessing the feasibility of possible solutions, and c) evaluating and mitigating any associated risks. It is therefore our wish that the State government empower us by allowing us to address the issue of electricity at the local level, in a manner we and our neighbors deem appropriate.

If permitted to operate as electricity aggregators, we will work to ensure that our citizens receive the best possible price and terms for electricity.

If permitted to operate as electricity aggregators, we will investigate the possibility of buying all or most of our electricity needs from wind-based or other renewable sources.

Each signatory municipality will nominate a representative who will meet periodically with representatives of the other jurisdictions to further study and develop the overall aggregation plan. The representatives will bring issues of concern from, and report back to, the governing body of their respective municipalities.

Signed,

Name

Municipality

Date

Introduced by:

DRAFT  
**RESOLUTION # 2005 -**

**Resolution Authorizing Mayor To Sign Municipal Aggregation Letter of Interest**

**WHEREAS**, the City of Takoma Park supports the adoption of State legislation permitting municipalities to act as opt-out aggregators of electricity on behalf of their residents; and

**WHEREAS**, such legislation is more likely to be passed if municipalities work together for its adoption; and

**WHEREAS**, municipalities are more likely to obtain lower prices and better terms as aggregators if they work together as a purchasing group; and

**WHEREAS**, lower utility costs for its residents and a healthful and sustainable environment are important priorities for the City of Takoma Park; and

**WHEREAS**, a Municipal Electrical Aggregation Letter of Interest has been prepared to show the commitment of municipalities to these ends.

**NOW, THEREFORE BE IT RESOLVED** that the Council of the City of Takoma Park authorizes Mayor Kathy Porter to sign the attached Municipal Electrical Aggregation Letter of Interest and commits the City of Takoma Park staff and Council to working with other municipalities, the Maryland Municipal League, and other entities towards adoption of municipal electrical aggregation legislation in the Maryland General Assembly.